

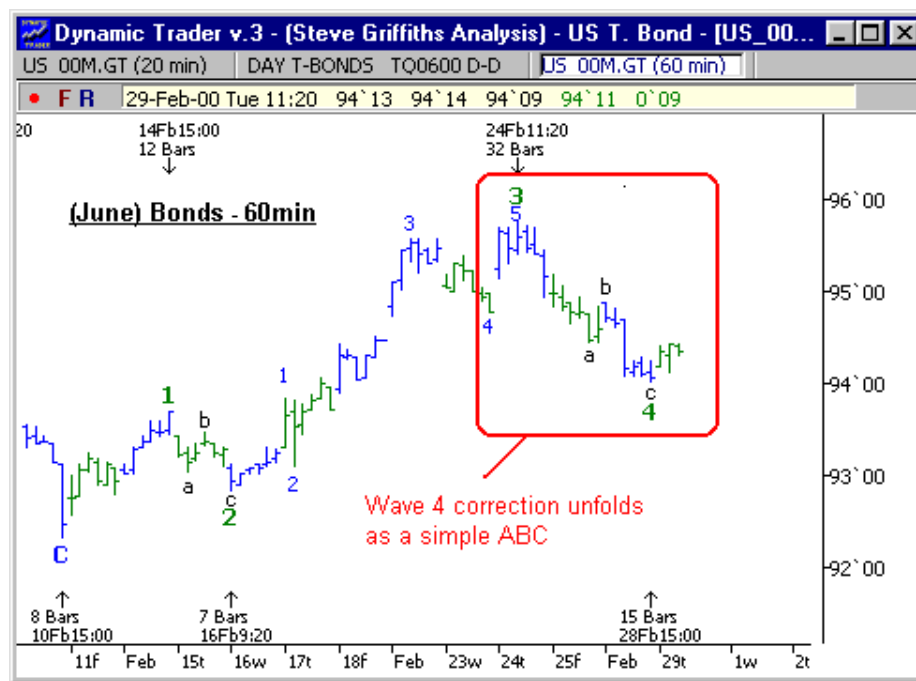
Trader Education Tutorial

3/18/00

Today I would like to continue with the current section of tutorials, on the Price, Time and Pattern characteristics of Wave 4's

Wave-4 Pattern and Price Projections

With all corrections, we always start with the assumption that the correction will be a *minimum* of a simple ABC where the Wave C exceeds the Wave A extreme.



With the example above of a 60min Bond chart the Wave 4 correction appears to be unfolding as a simple ABC. Hence, we may make the Price projections for a Wave C to help narrow down the three Wave 4 Price clusters from last week's tutorial. Last week's tutorial *Wave-4 Price Projections* may be downloaded from the *Traders Tutorials Archive*.

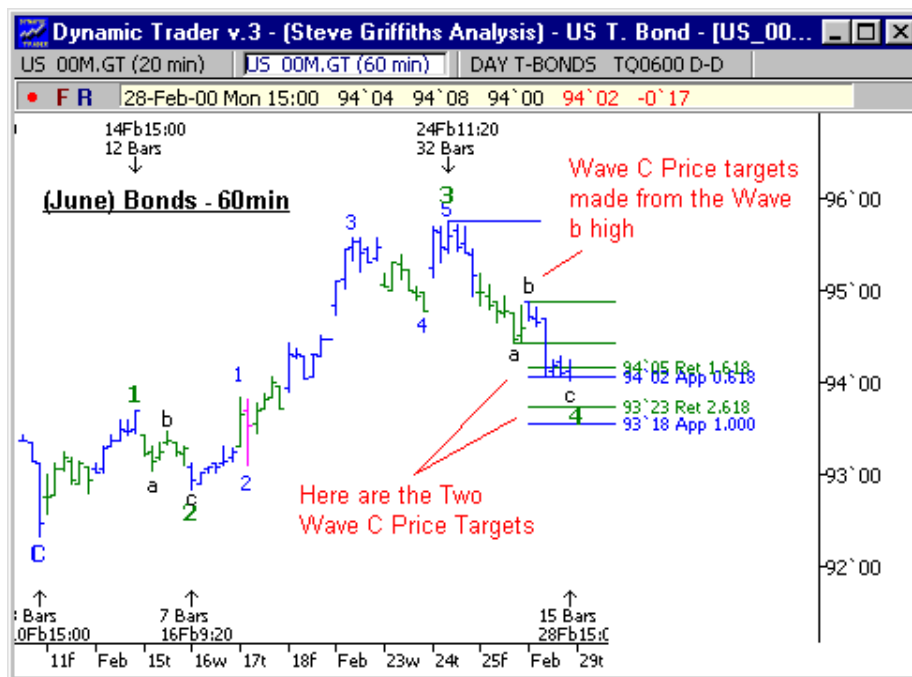
The Wave C *minimum* Price target is the Price cluster containing:

- Wave C = 61.8% APP (Alternate Price Projection) Wave A
- Wave C = 1.618% external retracement Wave B

The *typical* Price target is the Price cluster containing:

- Wave C = 100% APP (Alternate Price Projection) Wave A
- Wave C = 2.618% external retracement Wave B

Let's have a look at the minimum and typical Wave-C price targets on the chart below.



The first of these narrow Price clusters of 94-02 to 94-05 falls *in the same area* as the lowest Price cluster for a Wave 4 of 93-30 to 94-01 projected in last week's tutorial which answers the question from last week - Which of the three narrow Wave 4 Price targets is most relevant?

Therefore we would project the best Price target for the termination of the Wave-4 correction would be were the Price projections for the Wave C of 4 coincide with one of the Wave 4 projections.

The ideal Price target for the Wave C of 4 low is 93-30 to 94-05. This price zone includes projections of two degrees – the Wave-c:4 and Wave-4 projections.

The next section which shows how the Dynamic Trader software makes these projections will show how it turned out.

Summary

1. The *minimum, typical* and *maximum* **Price** targets for a Wave C can be clearly defined ***in advance***.
2. The best and most reliable Price support and resistance areas are where individual calculations from different swings and different degrees of swing ***cluster together in a relatively tight range***.

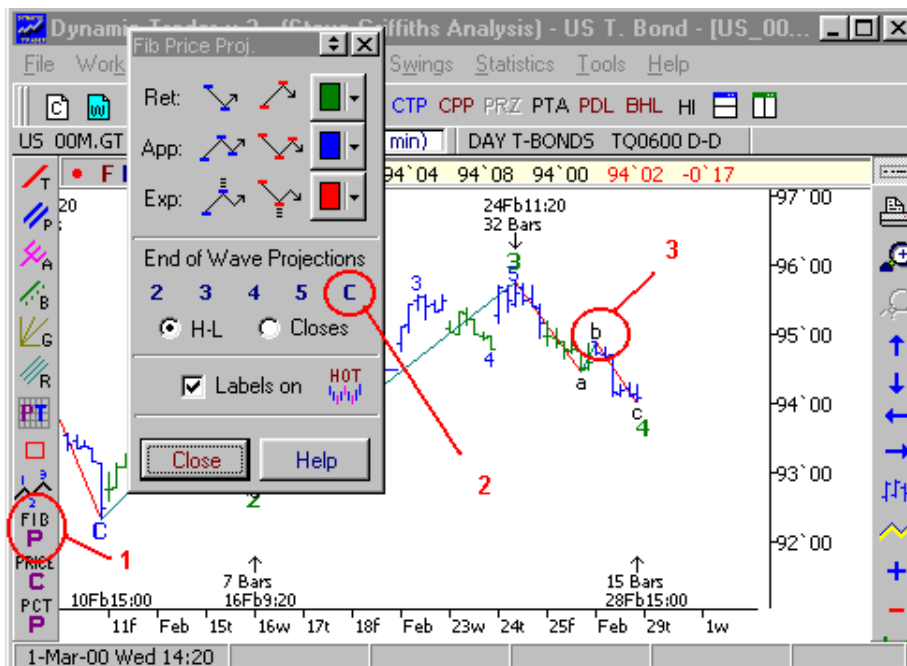
- In the case of a Wave 4, the ideal price target is where the Price projections for a Wave 4 overlap with the price projections for a Wave C.

Dynamic Trader Software

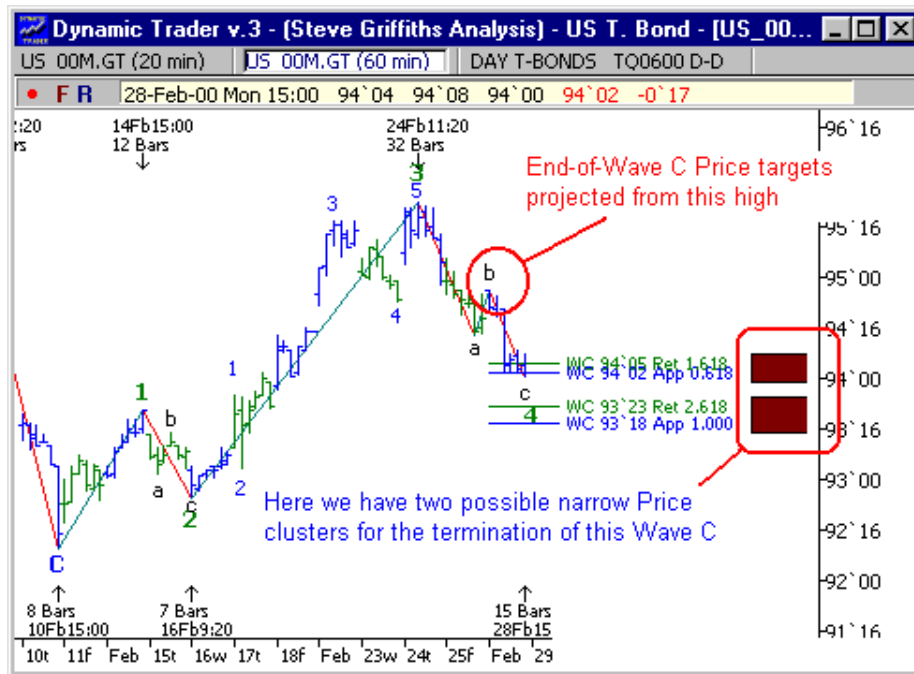
End-of-Wave price projections are quickly and easily made with Dynamic Trader. All the Wave C Price targets can be placed on a chart at one time with just a couple of clicks of the mouse.

We use the same procedure for placing the Wave C Price targets on a chart as we did in last week's tutorial on Wave 4's with one of the unique tools found in the Dynamic Trader software program, the **End-of-Wave Price Projection** routine.

We start with a chart with a swing file. A swing file simply connects the highs and lows on the chart.

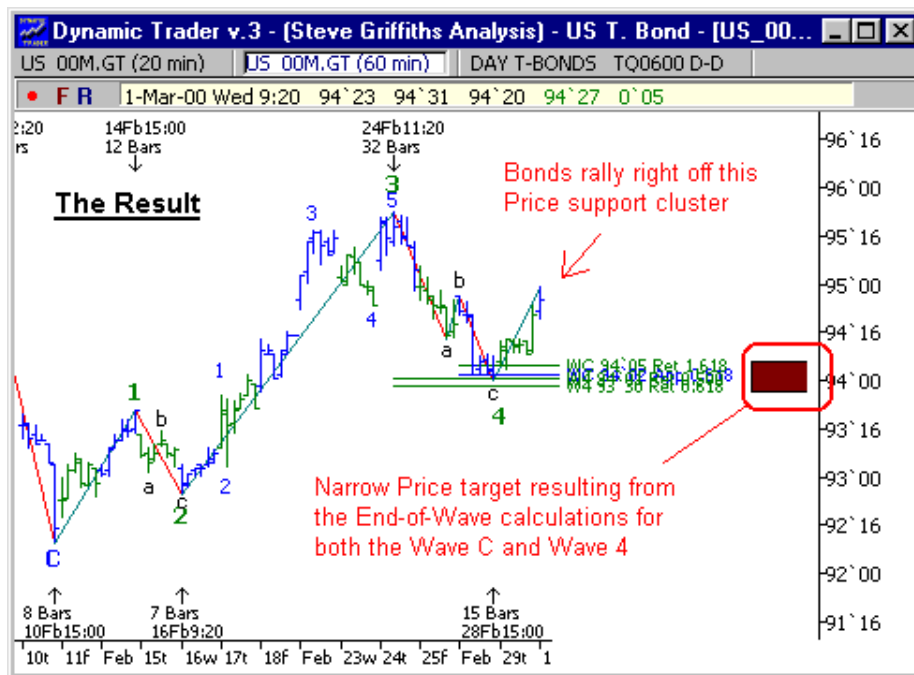


We then click on the **Fib-P** button. This brings up the **Fib Price Projection** box shown above. Next, we select the Wave we wish to project the Price targets for, Wave C in this example, and then double click on the Wave-B high. The Wave C Price targets are placed on the chart.



Here we can see that this produces two narrow Price clusters for the potential termination of this Wave C off the Wave B high.

As we saw in the above tutorial, we now need to see which of these narrow Price clusters for a Wave C fall in the same area as those calculated last week for a Wave 4.



The Wave C and Wave 4 low in Bonds terminated right in the narrow Price cluster resulting from the calculations for both the End-of-Wave-C and End-of-Wave-4. The Wave C:4 low at 94-00 was right in the middle of the 94-05-93.30 Price target. As we can see from the above Chart, Bonds rallied nicely from this Low.

All of the price projections were made *in advance* and only took a few mouse clicks. Is this the kind of information that you believe will enhance your trading?

Next week I will teach you how to make the **Time** projections for a Wave 4. Not only were we prepared for the **Price** target for the Wave 4 low, but also the Time target!!

Key Point

Although this example is now “after the fact”, this set-up was reported “at the time” in the Dynamic Trader Report. This demonstrates again that all the techniques we apply to the markets are *leading indicators*. In other words, you are always prepared *in advance* for the Price and Time areas to anticipate support and resistance and End-of-Wave Price targets.

Be sure and return next week for the *How To Make Wave-4 Time Projections* tutorial.